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SUBJECT: INDIAN PM BRIEFS PARLIAMENT ON US TIES: IT'S ALL GOOD

Classified By: Charge Robert Blake, for Reasons 1.4 (B, D)

1. (C) Summary: Indian Prime Minister Manmohan Singh heralded his first state visit to the US as an unqualified success for India's foreign and economic policy in a speech to Parliament on July 29, and emphasized that India's relationship with the US was based on equality and reciprocity, sentiments that consistently received resounding applause from government supporters in the chambers. Touching on the wide range of initiatives agreed upon during the PM's visit, Singh's speech focused primarily on explaining the benefits of civil nuclear cooperation with the US and assuring detractors that India's commitments in this area were predicated on reciprocity by the US and would not compromise the country's strategic posture. Parliamentary discussion was postponed until the following week, but based on the decidedly positive tone of the public reaction to the PM's visit and Singh's own obvious confidence in the deal, we anticipate parliament to endorse these deliverables, notwithstanding vociferous criticism from Leftists who harbor their own discredited agendas and despite hollow-sounding grumbling from the BJP, which wishes that it, not the PM, had clinched this historic agreement. Full text of the statement in para 6. End Summary.

A Triumphant Return to the Cradle of Indian Democracy

2. (U) In his first interaction with Parliament since returning from the US, the PM explained the economic objectives of his visit: "to sensitize the US Government about the full extent of the changes that have taken place in India since 1991," and to showcase India as a "competitive destination for investment" and "a center for knowledge-based industries." He went on to outline benefits India would accrue from various initiatives such as the CEO Forum, the Science and Technology Agreement, and cooperation on agriculture, HIV/AIDS, and disaster relief, among others.

Bullish on Nuclear Cooperation

3. (U) Perhaps mindful of sniping from the left and right since his return, the lion's share of the PM's speech was devoted to explaining why India would gain -- not lose -- from nuclear cooperation with the US. Asserting that India will never accept discrimination, he reiterated that "reciprocity" was key to the implementation of all the steps enumerated in the Joint Statement made by President Bush and the PM on July 18. "Indian actions will be contingent at every stage on actions taken by the other side," he explained. Identification and separation of civilian nuclear facilities will be taken in phases, consistent with India's national security interests, according to the PM. "Before voluntarily placing our civilian facilities under IAEA safeguards, we will ensure that all restrictions on India have been lifted. Our autonomy of decision-making will not be circumscribed in any manner," he stated.

4. (U) Singh also rejected criticism that the Joint Statement would fatally constrain India's strategic defenses. "There is nothing in this Joint Statement that amounts to limiting or inhibiting our strategic nuclear weapons program over which we will retain unrestricted, complete and autonomous control," he stressed. The PM further added, "we have never made, nor will we ever make, any compromises insofar as our fundamental and strategic needs are concerned."

Comment: Ties with the US Enjoy Broad Public Support

5. (C) Parliamentary discussion was postponed until the following week, but based on the decidedly positive tone of the public reaction to the PM's visit and his own obvious confidence in the deal, we anticipate Parliament to eventually endorse these deliverables. MEA Joint Secretary (Americas) S. Jaishankar indicated to us that opposition leader Jaswant Singh has asked that debate in Parliament's Upper House be combined with a discussion of the US-India Defense Framework, suggesting the BJP will raise broad questions about the direction of US-India ties. For political gain, the BJP is trying manfully to knock down an achievement that it wishes it had been in power to complete,

while the Left is continuing its obstructionist and anachronistic criticism. Despite this, the Indian elite seems largely supportive of this agreement, and rightly so. The wider public, however, has still to understand the benefits of the new US-India partnership. Convincing that wider public will be the Prime Minister's challenge in the weeks ahead.

Full Text of PM's Statement

16. (U) Begin GOI text:

Prime Minister's Suo-motu Statement in Parliament on his recent official visit to The United States of America, 29 July 2005

1A. I am pleased to present to this House a statement on my recent visit to the United States. President Bush invited me to pay an official visit and my wife and I were received by President Bush and the First Lady Mrs. Laura Bush with great warmth and with ceremonial honors. My talks with the President covered a wide range of bilateral and global issues. The Vice President and senior Cabinet members of the US Administration such as Secretary of State Condoleezza Rice, Defense Secretary Rumsfeld and Treasury Secretary Snow also called on me during my stay. I had the honor to be invited to address the Joint Session of the US Congress. I believe that the visit was a success in furthering our foreign policy interests and in terms of its substantive outcome. It was evident that the United States wished to signal that we are embarking on a transformation of our ties so as to realize their inherent potential.

1B. The purpose of my visit was to sensitize the US Government about the full extent of the changes that have taken place in India since 1991. These changes have given us a stronger capability to work with the United States on more equal terms as we address common concerns and challenges. I also sought to emphasize that the Indian economy is stronger than it has ever been and we hope to participate in and benefit from the economic processes of globalization. We are determined to be a competitive destination for investment, including foreign investment and the US business community could contribute to development in India through greater investment and trade. We are uniquely placed to enter into such mutually beneficial interaction drawing on the strength of our knowledge sector. Hence another important goal was to underline to the US that the emergence of India as a center of knowledge based industries and services would provide a good basis for long-term collaboration between our economies. The expansion of the Indian economy and acceleration of our growth rates is crucial not just for our own people but would be beneficial to global economic progress and stability.

1C. My discussions in Washington with President Bush and members of his Administration were productive and helped advance these national goals. Both sides agreed that our relationship was based on shared values and shared interests that included the strengthening of democratic capacities where desired and without coercion, and in combating terrorism without selectivity or segmentation. The conclusion of the UN Comprehensive Convention on International Terrorism proposed by India, at an early date, was deemed a priority by both countries. On the economic side, we welcomed the launching of a CEOs Forum that has brought together the best business minds of both countries. We discussed the urgent need for modernization of India's infrastructure and our quest for greater investments in this sector, in view of its centrality for the continued growth of the Indian economy. Recognizing the importance of the rural economy, we also agreed on an agricultural initiative aimed at facilitating a new generation of research and agricultural practices to build on the green revolution.

1D. Appreciating the importance of technology to India's economic and social development we also discussed measures that would ensure more liberal and predictable access to US high technology. We will endeavor to build closer ties in frontier areas such as space exploration, satellite navigation and launch, and related commercial activities that would greatly benefit our space industry, which is recognized as a global leader. A Science and Technology Framework Agreement has been agreed during my visit that provides for expanded joint research and training. Underlining the intent of working at a new level of cooperation, the United States announced the removal of five Indian organizations from its Entity List - three from the space sector and two from atomic energy - and indicated further review in this matter.

1E. India's quest for energy security as an essential component of our vision for our development was a significant theme of my talks. I elaborated the imperative need for India to have unhindered access to all sources of energy, including nuclear energy, if we are to maintain and accelerate our rate of economic growth. I am pleased to

state that the US understood our position in regard to our securing adequate and affordable energy supplies, from all sources. This approach, I underlined, would enable us to reduce our dependence on fossil fuels. This would have concomitant advantages for all in terms of reduced pressure on oil prices and environmental sustainability. It was in this context that we affirmed the importance of cooperation in the civilian nuclear energy sector.

1F. Accordingly, a central element of my interaction with President Bush was the resumption of bilateral civilian nuclear cooperation between India and the United States, which has been frozen for decades. President Bush and I agreed that we would work towards promoting nuclear energy as a means for India to achieve energy security. The US side undertook to adjust its laws and policies domestically and to work with its friends and allies to adjust relevant international regimes. Full civilian nuclear energy cooperation would include, but not limit itself, to the expeditious consideration of fuel supplies for Tarapur. The US will also encourage other partners to consider similar requests favorably. We also obtained consideration of our desire to participate as full partners in the International Thermo Nuclear Research Project and the Generation IV International Forum. These programs in frontier areas of science & technology have considerable potential for our country's and indeed global energy security in the future. The US agreed to consult other participants with a view towards India's inclusion. This is a testimony not only to the enormous international stature and respect achieved by our nuclear scientists but recognition of their attainments.

1G. Our nuclear program is unique. It encompasses the complete range of activities that characterize an advanced nuclear power including generation of electricity, advanced research and development and our strategic program. Our scientists have mastered the complete nuclear fuel cycle. The manner of the development of our program which has been envisaged is predicated on our modest uranium resources and vast reserves of thorium. While the energy potential available in these resources is immense, we remain committed to the three-stage nuclear power program consisting of Pressurized Heavy Water Reactors (PHWRs) in the first stage, fast breeder reactors in the second stage and thorium reactors in the third stage. These would need sequential implementation in an integrated manner. Our scientists have done excellent work and we are progressing well on this program as per the original vision outlined by Pandit Jawaharlal Nehru and Dr. Homi Bhabha. We will build on this precious heritage.

1H. Energy is a crucial input to propel our economic growth. We have assessed our long-term energy resources and it is clear that nuclear power has to play an increasing role in our electricity generation plans. While our indigenous nuclear power program based on domestic resources and national technological capabilities would continue to grow, there is clearly an urgent necessity for us to enhance nuclear power production rapidly. Our desire is to attain energy security to enable us to leapfrog stages of economic development obtained at the least possible cost. For this purpose, it would be very useful if we can access nuclear fuel as well as nuclear reactors from the international market.

1I. Presently, this is not possible because of the nuclear technology restrictive regimes that operate around us. What we have now agreed with the US should open up the possibility of our being able to access nuclear fuel and nuclear power reactors and other technologies from outside to supplement our domestic efforts. There is also considerable concern with regard to global climate change arising out of CO2 emissions. Thus, we need to pursue clean energy technologies. Nuclear power is very important in this context as well.

1J. The Joint Statement recognizes that as a responsible State with advanced nuclear technology, India should acquire the same benefits and advantages as other such States which have advanced nuclear technology. As a result we expect that the resumption of India's nuclear trade and commerce with the US, and globally, is an achievable goal, involving the dismantling of the technology denial regimes which have hitherto targeted India.

1K. Predicated on our obtaining the same benefits and advantages as other nuclear powers, is the understanding that we shall undertake the same responsibilities and obligations as such countries, including the United States. Concomitantly, we expect the same rights and benefits. Thus we have ensured the principle of non-discrimination. I would like to make it very clear that our commitments would be conditional upon, and reciprocal to, the US fulfilling its side of this understanding. The Joint Statement refers to our identifying, and separating civilian and military nuclear facilities in a phased manner and taking a decision to place

voluntarily civilian nuclear facilities under IAEA safeguards. India will never accept discrimination. There is nothing in this Joint Statement that amounts to limiting or inhibiting our strategic nuclear weapons program over which we will retain unrestricted, complete and autonomous control.

L. Reciprocity is key to the implementation of all the steps enumerated in the Joint Statement. We expect a close co-relation between the actions to be taken by the United States and by India. Indian actions will be contingent at every stage on actions taken by the other side. Should we not be satisfied that our interests are fully secured, we shall not feel pressed to move ahead in a pre-determined manner.

M. Hence phased action, in terms of identification and separation of civilian nuclear facilities based solely on our own duly calibrated national decisions will be taken at appropriate points in time, consistent with our national security interests. Before voluntarily placing our civilian facilities under IAEA safeguards, we will ensure that all restrictions on India have been lifted. Our autonomy of decision-making will not be circumscribed in any manner.

N. I wish to emphasize to this House that the basis for this understanding was a clear recognition that India is a responsible nuclear power with an impeccable record on nuclear non-proliferation. Our strategic policies and assets are a source of national security and will continue to be so, and will remain outside the scope of our discussions with any external interlocutors. I should like to take this opportunity to assure Hon'ble Members that the Government will not allow any fissile material shortages or any other material limitations on our strategic programs in order to meet current or future requirements. The defense and security interests of our country are our highest priority and will continue to remain so.

O. Our policies and actions have earned us global recognition and widespread esteem, which I am sure, the House recognizes and welcomes. This allows us not only to make a credible case for an end to three decades of technology denial but also to find a central and growing place in international organizations.

P. I used the occasion of my visit to the US to spell out the basis on which India has made a compelling case for expansion of the UN Security Council, and for our admission as a Permanent Member. The US has a different position on this matter and has not found it possible to endorse India's position. It is my hope that over time the US will recognize the validity of what we say. In fact, the Joint Statement itself reflects growing US recognition of this position. It states, "international institutions must fully reflect changes in the global scenario that have taken place since 1945." The US President also reiterated that international institutions are going to have to adapt to reflect India's central and growing role. In this regard, global initiatives that we have initiated with the United States, which include disaster relief, HIV/AIDS and strengthening democratic capacities in societies that seek such assistance testify to the greater recognition of our strengths and capabilities.

Q. I therefore believe my visit to the United States has led to greater understanding and appreciation of our concerns and interests. It has contributed to significant initiatives that have important economic and developmental implications for India. I have made a strong case on behalf of the Indian people that our voice be heard when decisions that affect us are made in global councils. I am confident that this House would welcome these developments.

R. I would like to conclude by stating that we can feel justly proud that our achievements are being recognized globally. This is a tribute to our scientists, engineers, teachers, workers, farmers, entrepreneurs and professionals. We are now a nation of over one billion people. We are the world's fourth-largest economy, with the second highest rate of GDP growth today. The manner in which we have achieved this progress within the framework of a democratic dispensation is the subject of admiration and respect. Increasingly, India is seen as a benchmark for the rest of the world. I therefore believe our strength lies in the essential correctness of the path we have chosen, and in the creativity and enterprise of our people. This has enabled India to stand tall in the comity of nations.

S. I realize that that there would be criticism in some quarters regarding aspects of the Joint Statement. Constructive criticism is part of the Parliamentary tradition, and I welcome it. This adds clarity to our debates and vibrancy to the institution of our democracy. I can however assure this August House, and through it, our nation, that my visit to the United States was undertaken solely with the purpose of enhancing relations with one of the world's

pre-eminent powers, so as to widen our development options. It was my endeavour to expand our-access to energy supplies to fuel our growth, while protecting our strategic interests. I believe our effort to undo some of the long-standing restrictive nuclear regimes will enable us to secure access to the significantly greater quantities of energy that we will need to spur massive growth in our industrialization program. Once secured, cheap and affordable energy will enable India to leapfrog its current pace of economic growth, to secure the future for generations to come.

T. All of us gathered together in this august House recognize that inspired by our freedom struggle, we have inherited a proud and patriotic tradition. Our commitment to work for universal nuclear disarmament in the long run will remain our core concern. At the same time, I can assure the House that we have never made, nor will we ever make, any compromises insofar as our fundamental and strategic needs are concerned. Our inheritance gives us confidence, our experience gives us courage, and our belief gives us conviction to assert today that our nation stands on the threshold of an even better future. I therefore venture to think that my visit to the USA has opened up new opportunities and possibilities for promoting our energy security and pathways to accelerated social and economic development. We must all work together as a united nation to realize these opportunities to make India a major powerhouse of the evolving global economy. Thank you.

End GOI text.
BLAKE